## REMARKS

In the Final Office Action dated December 20, 2000, the Examiner rejected claims 1-18 under 35 U.S.C. §101 as directed to non-statutory subject matter, and allowed claim 19. The applicants respectfully traverse the rejection and reconsideration is requested as explained below.

A telephone interview was conducted on May 22, 2001 between the Examiner and attorneys for applicant Seth H. Ostrow and James J. Woods. The Examiner issued an Interview Summary dated May 24, 2001. During the interview and in the Interview Summary, the Examiner has indicated that the claims as presented do in fact contain statutory subject matter as required by 35 U.S.C. §101, but has expressed concerns regarding the patentability of the independent claims.

A second telephone interview was conducted on June 20, 2001 between the Examiner and attorney for applicants James J. Woods, in which the independent claims were discussed. No agreement was reached, and the applicants continue to believe that all of the pending claims in the application, including the independent claims as originally filed, are patentable. However, in an effort to advance the prosecution of the case, the applicants have added new claims 20-22. The applicants thank the Examiner for his courtesy and time in granting both the first and second interviews.

The Examiner is hereby reminded of the June 20, 2001 interview, and is invited to contact the attorneys for the applicant with any questions.

The Examiner has rejected claims 1-18 under 35 U.S.C. §101 as directed to non-statutory subject matter. However, as stated in the Examiner's Interview Summary relating to the interview conducted on May 22, 2001, the Examiner indicates that he agrees with the applicant's

representatives that the claims as presented contain statutory subject matter. Therefore, the applicants respectfully request that the Examiner withdraw the rejection and allow the claims.

The applicants have added new claims 20-22. No new matter has been added. The new claims are supported in the specification, among other places, at pages 11. Claims 20-22 recite setting a market price based on criteria associated with the movie or the movie talent. For example, as described in the applicants' specification at page 11, lines 18-24, in one embodiment of the invention, the initial price of a new stock associated with a movie is based at least in part on the movie's potential box office revenue, and the initial price of a new bond associated with a movie talent is based at least in part on the Hollywood Reporter's Star Power Index.

In the Interview Summary dated May 22, 2001, the Examiner has expressed concerns regarding the patentability of the independent claims 1, 10 and 19. Specifically, the Examiner indicates that the "labeling" employed in the applicants' independent claims 1, 10 and 19, such as labeling stocks and bonds as "movies" and "movie talent", respectively, does not suffice to present a method of trading which is different than prior art trading systems. The applicants respectfully disagree with the Examiner's characterization, which suggests that the applicants' claims 1, 10 and 19 merely set forth a prior art trading system in which "movies" and "movie talent" are the subjects of the stocks and bonds, respectively. The applicants point out that movies and movie talent are qualitatively different than the subjects of financial instruments, such as stocks and bonds, in the prior art, which may include publicly traded companies, commodities, etc., and the applicants are unaware of any prior art trading system that discloses or suggests a trading system including trading in stocks and bonds representing movies or movie talent. As such, identifying stocks and bonds as

representing movies and movie talent, respectively, is not equivalent to merely specifying a particular subject of stocks and bonds in a prior art trading system.

The Examiner has not pointed out, and the applicants are unaware of, any prior art trading system in which derivative financial instruments selectively represent a movie or a movie talent, as set forth in the applicants independent claims 1, 10 and 19, or in which a movie corresponds to a stock and a movie talent corresponds to a bond, as also set forth in claims 1, 10 and 19. For at least these reasons, the applicants submit that claims 1, 10 and 19 are novel and are not anticipated by any prior art trading system.

Furthermore, the Examiner has not identified anything in the prior art of record that (a) suggests applying or carrying over a prior art trading system, such as the New York Stock Exchange, to trade in financial instruments that represent movies or movie talent, or (b) supplies any motivation to do so. It is submitted that a prima facie case of obviousness requires identification in the prior art of such a suggestion or such motivation. Without providing evidence of such a suggestion or such motivation, the Examiner cannot reject claims 1, 10 and 19 under 35 U.S.C. § 103. Additionally, there is no suggestion in the prior art of record of either a movie or a movie talent corresponding to either a stock or a bond. Again, to make out a prima facie case of obviousness, the Examiner would have to point out such a suggestion. For at least these reasons, the applicants submit that claims 1, 10 and 19 are not obvious over the prior art.

For at least the above reasons the applicants submit that claims 1, 10 and 19 are patentable over the prior art. Claims 2-9 and 11-18, which depend either directly or indirectly from claims 1, 10 and 19, are also patentable over the prior art.

For all of the above reasons, the applicants respectfully request that the Examiner withdraw the rejection, and allowance of all the pending claims is respectfully solicited. To expedite prosecution of this application to allowance, the examiner is invited to call the applicants' undersigned representative to discuss any issues relating to this application.

Respectfully submitted,

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James J. Woods — Date 6/20/01